

# Payday and Auto Title Lending in Texas

## Brownsville MSA 2013

Brownsville-Harlingen

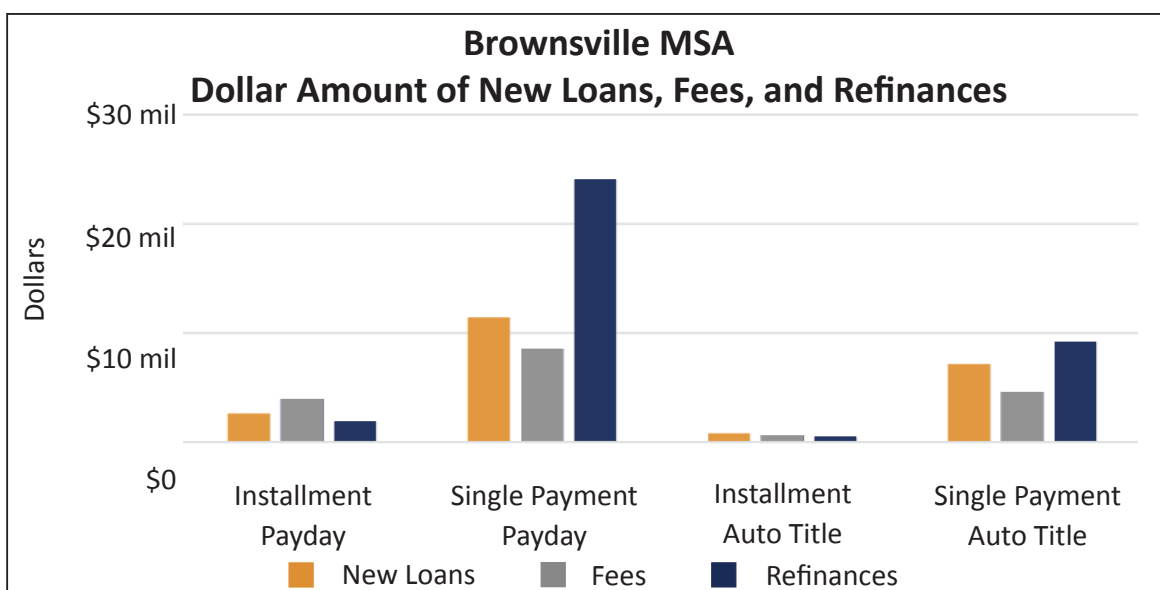


- **Store Locations:** 66
- **New Loans:** \$21,940,729
- **Fee Charges:** \$17,735,442
- **Refinances:** \$35,536,044
- **Repossessions (Auto Title):** 433—8 cars per week
- **Repossession Rate:** 7% of borrowers had car repossessed

### Refinances and High Fees Drive Costs

Payday and auto title businesses in Texas offer two main loan types: single payment loans, due in full in 2 weeks or 1 month, and installment loans, due in a series of payments over a period of up to 6 months. Longer loan terms mean installment loans have fewer refinances, but even higher fees.

- **In the Brownsville MSA, refinances make up 65% of single payment loan transactions.**
- **On average, installment borrowers paid \$1.35 in fees for every dollar borrowed.**  
The dollar amount of fees for all installment loans increased by 85% from 2012 to 2013. Fees for installment payday loans increased by 130%.
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$608 to \$1,150. For borrowers who refinance, the average cost to repay a \$500 loan can reach over \$3,000.**  
Average APRs for payday and auto title loans in the Brownsville MSA range from 244% to 461% (see table on back).



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## Brownsville MSA at a Glance: Profile of Loan Terms and Repayment, \$500 Loan

	Installment Payday	Single Payment Payday	Installment Auto Title	Single Payment Auto Title
Average Loan Term (Days)	167	18	200	27
Average Fees per \$100	\$125.50	\$22.23	\$78.20	\$20.77
Ave. Annual Percentage Rate (APR)	414%	461%	244%	291%
Amount Repaid with No Refinances	\$1,150.35	\$613.66	\$918.42	\$607.58
Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)	12.55%	57.91%	15.72%	47.74%
Average Refinances per Borrower	2.91	5.44	4.87	4.25
Amount Repaid with Ave. Refinances	\$3,044.82	\$1,232.43	\$2,955.56	\$1,065.22

## New Trend: Installment Payday Loans

Installment payday loans made up 8% of dollars lent for all types of loans in 2013, but 22% of total fees, indicating that this product is a huge fee driver. Depending on the loan terms, **fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.**

